

Message Text

CONFIDENTIAL

PAGE 01 KUWAIT 03873 051547Z
ACTION NEA-10

INFO OCT-01 EUR-12 IO-13 ISO-00 NEAE-00 CIAE-00
DODE-00 PM-05 H-01 INR-10 L-03 NSAE-00 NSC-05
PA-01 SP-02 SS-15 ICA-11 AID-05 EB-08 STR-07
OMB-01 CEA-01 COME-00 FRB-03 XMB-02 OPIC-03
LAB-04 SIL-01 DOE-15 SOE-02 /141 W
-----021965 051705Z /41

P R 051449Z JUL 78
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC PRIORITY 1367
INFO AMEMBASSY ABU DHABI
AMEMBASSY BONN
AMEMBASSY DOHA
USMISSION GENEVA
AMEMBASSY JIDDA
AMEMBASSY LONDON
DEPT OF TREASURY WASHDC

C O N F I D E N T I A L KUWAIT 3873

DEPT FOR NEA/ARP; GENEVA FOR TREAS ASST SECY BERGSTEN

E.O. 11652: GDS
TAGS: EFIN, KU
SUBJ: AMIR WORRIED ABOUT RECENT SHARP DROP IN DOLLAR

REF: (A) KUWAIT 3788 (NOTAL), (B) KUWAIT A-021 (NOTAL),
(C) KUWAIT 1388 (NOTAL), (D) STATE 156571 (NOTAL)

1. AS WASHINGTON WILL RECALL, AMIR'S FINANCIAL ADVISOR,
KHALID ABU SA'UD, HAS CONSISTENTLY SUPPORTED DOLLAR AND US AS
PLACE FOR INVESTMENT (REF B AND C) IN FACE OF MUCH CONCER
ABOUT DOLLAR IN KUWAIT, PARTICULARLY EXPRESSED BY ACTIVE AND
ARTICULATE NEW OIL MINISTER, SHAIKH ALI KHALIFA AL-SABAH, AND,
TO A LESSER EXTENT, FINANCE MINISTER ATEEQI. ABU SA'UD HAS
STEADFASTLY RECOMMENDED STAYING WITH THE DOLLAR IN FACE OF
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KUWAIT 03873 051547Z

SUGGESTIONS THAT KUWAIT TRY TO MOVE AWAY FROM THE DOLLAR, AND,
MORE GENERALLY, SUGGESTION THAT OIL PRICE - DOLLAR TIE BE
CHANGED.

2. IN BRIEF EXCHANGE DURING CHARGE'S JULY 4 RECEPTION,
ABU SA'UD TOLD US THAT HE WAS PERPLEXED AND TROUBLED BY DOLLAR'S
TUMBLE IN RECENT DAYS WORLD WIDE AND ESPECIALLY ON TOKYO

EXCHANGE MARKET. DROP BELOW 200 YEN MARK, HOWEVER ECONOMICALLY MEANINGLESS, WAS AN IMPORTANT PSYCHOLOGICAL BLOW TO CONFIDENCE IN DOLLAR, ABU SA'UD SAID. HE COULD SEE NO REASON FOR RECENT WEAKENING OF DOLLAR AND HAD BEEN UNABLE TO OFFER ANY EXPLANATION IN RESPONSE TO CONCERNED INQUIRIES FROM THE AMIR. REGULAR ANALYSES HE RECEIVES FROM MORGAN AND OTHER U.S. AND FOREIGN BANKS ARE VERY HELPFUL, ABU SA'UD SAID, BUT HE WOULD BE GRATEFUL FOR ANYTHING USG COULD PROVIDE HIM ON PROGNOSIS FOR THE DOLLAR. ABU SA'UD CONCLUDED BY EXPRESSING HOPE THAT DOLLAR WOULD RECOVER A BIT IN NEXT FEW DAYS, ENDING FLURRY OF CONCERN ABOUT IT CAUSED BY DROP THROUGH SYMBOLIC 200 YEN MARK.

3. COMMENT: WE LEAVE TO WASHINGTON WHETHER THERE REALLY IS ANYTHING SIGNIFICANT ABOUT THE DOLLAR WE CAN SAY TO A PRO LIKE ABU SA'UD. IF WE DO REALLY AVE SOMETHING TO SAY, IF ASST. SEC. BERGSTEN STILL PLANS TO BE IN GENEVA JULY 6 THROUGH JULY 15 AND IS AVAILABLE (REF D) AND IF THE DOLLAR CONTINUES TO SLIDE AND CAUSE NERVOUSNESS, THEN ABU SA'UD WOULD PROBABLY BE WILLING TO MAKE SPECIAL TRIP TO GENEVA TO MEET WITH BERGSTEN. GIVEN COMPLICATIONS OF TRYING TO ARRANGE AL-HAMAD/BERGSTEN MEETING (DID IT EVER COME OFF?) WE HESITATE TO MAKE SUCH A SUGGESTION, BUT IT IS A POSSIBILITY. WE HAVE BRIEFLY DISCUSSED WITH ABU SA'UD OUR HOPES RE SUCCESSFUL BONN SUMMIT; IT MAY BE THAT WHAT WE CAN TELL KUWAITIS AFTER THIS MEETING WIL BE MORE USEFUL THAN ANYTHING WE COULD PASS ON TO THEM BEFORE.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KUWAIT 03873 051547Z

HOWEVER, ANYTHING WE CAN GIVE ABU SA'UD AT THIS TIME (BEYOND THE USUAL GENERALITIES ABOUT A POSSIBLE GASOLINE TAX, OUR HOPES THE GERMANS WILL REFLATE, ETC.) WOULD BE USEFUL.

SUTHERLAND

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DOLLAR, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978KUWAIT03873
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780276-0027
Format: TEL
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780795/aaaadcjj.tel
Line Count: 98
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 710ffc7a-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 KUWAIT 3788, 78 KUWAIT A-21, 78 KUWAIT 1388, 78 STATE 156571
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 26 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2116919
Secure: OPEN
Status: NATIVE
Subject: AMIR WORRIED ABOUT RECENT SHARP DROP IN DOLLAR
TAGS: EFIN, KU, US
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/710ffc7a-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014